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LOUISIANA FEDERATION OF FAMILIES  
FOR CHILDREN'S MENTAL HEALTH, INC.FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2002

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the parish Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/15/03

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# Smith, Huval & Associates, L.L.C.

A LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1782

Covington, Louisiana 70414-1782

Samuel E. Smith, CPA

Frank "Brent" Huval, CPA

(504) 892-0811 - Covington

(504) 892-0828 - FAX

## INDEPENDENT AUDITORS' REPORT

### Board of Directors

Louisiana Federation of Families for Children's Mental Health, Inc.

Shreveport, Louisiana

We have audited the accompanying statement of financial position of Louisiana Federation of Families for Children's Mental Health, Inc. (a Louisiana corporation, not for profit) as of June 30, 2002, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Federation of Families for Children's Mental Health, Inc. as of June 30, 2002, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2002, on our consideration of Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Smith, Huval & Associates, L.L.C.*

December 9, 2002

## LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2002

## ASSETS

## Current Assets

Cash in bank	\$ 37,433
Contracts receivable	<u>44,253</u>
Total current assets	\$1,688

## Furniture and Equipment

Furniture and equipment - at cost	112,911
Accumulated depreciation	<u>(14,503)</u>
Total furniture and equipment	<u>98,408</u>

TOTAL ASSETS	<u>\$ 160,096</u>
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## LIABILITIES AND NET ASSETS

## Current Liabilities

Payroll taxes payable	\$ 2,989
Total current liabilities	<u>2,989</u>

Net Assets - Unrestricted	<u>157,107</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 160,096</u>
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The accompanying notes are an integral part of this statement.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2002

	<u>Unrestricted</u>
Public support and revenues	
Government grants and contracts	\$ 601,366
Program service fees	32,341
Other income	<u>3,652</u>
Total public support and revenues	637,359
Expenses	
Salaries	324,961
Program expenses	33,609
Travel	41,711
Service fees	32,740
Payroll taxes and other benefits	38,156
Office expenses	25,167
Utilities	21,540
Depreciation	19,808
Insurance	18,584
Building and equipment rental	15,795
Professional fees	15,598
Other	10,645
Printing	8,932
Repairs and maintenance	5,585
Advertising	<u>1,518</u>
Total program services	<u>622,725</u>
Increase in net assets	15,024
Net assets - beginning of year	<u>142,081</u>
Net assets - end of year	<u>\$ 157,105</u>

The accompanying notes are an integral part of this statement.

## LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2002

## CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 15,024
Adjustments	
Depreciation	18,000
Increase in accounts receivable	(3,267)
Decrease in accounts payable and payroll taxes payable	(347)
Total adjustments	<u>14,386</u>
Net cash provided by operating activities	<u>29,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(26,645)</u>
Net cash used for investing activities	<u>(26,645)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,965
Cash and cash equivalents at beginning of year	<u>34,485</u>
Cash and cash equivalents at end of year	<u>\$ 37,450</u>

The accompanying notes are an integral part of this statement.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the accompanying financial statements are as follows:

1. Organization

The Louisiana Federation of Families for Children's Mental Health, Inc. (the Federation) is a statewide parent organization and network which provides referral, informational, support, and educational services to parents and advocacy on behalf of children with emotional, behavioral or mental health disorders and their families. The primary source of income are from contracts for services provided to the State of Louisiana.

2. Basis of Accounting

The financial statements of the Louisiana Federation of Families for Children's Mental Health, Inc. have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

3. Financial Statement Preparation

During the year ended June 30, 1997, the Federation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Federation is required to present a statement of cash flows.

The Federation also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," during the year ended June 30, 1997, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

4. Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Furniture and Equipment - Continued

Furniture and equipment	3-7 years
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The Louisiana Federation of Families capitalizes substantially all assets whose useful lives extend beyond a one-year period.

5. Income Taxes

The Louisiana Federation of Families is a tax-exempt, non-profit organization under Section 501 (c) (3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the accompanying financial statements.

6. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Cash Equivalents

The Federation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

8. Functional Expenses

Certain functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time utilized for the related activities.



## LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2002

## NOTE B - EXPENSES BY FUNCTIONAL CATEGORY

As required by SFAS 117, the Federation's expenses for the year ended June 30, 2002 have been regrouped by their functional categories as follows:

Operating and Maintenance	\$ 48,721
Administration	98,791
Community-based Mental Health Services Grant	78,298
Research and Program Development - OMH-HQ	34,194
Capital Area	13,625
Region 1	119
Region 3	38,391
Region 5	71,993
Region 6	48,768
Region 7	23,078
Region 8	87,686
Region 9	27,773
Other Sources	10,884
Rapides Foundation	<u>7,885</u>
Total Expenses	<u>\$ 622,715</u>

## NOTE C - GRANTS AND CONTRACTS

The Federation receives a majority of its funding through Federal and State grants and contracts. A brief description of its larger grants and contracts are as follows:

**Federal Block Grant for Community Mental Health** is Federal pass-through regional contracts funded mainly through Louisiana Department of Health and Hospitals - Office of Mental Health and Capital Area Human Services District. These contracts are on a regional basis and are used for family monitoring, family support and respite services. These funding period runs from July 1 to June 30. Total revenue for the year ended June 30, 2002 from the combined regions was \$208,078.

**Community-based Mental Health Services Grant** is a Federal state wide grant funded by the United States Department of Health and Human Services. Its funding period runs from September 2001 to August 2004. Total revenue for the year ended June 30, 2002 was \$108,906.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE C - GRANTS AND CONTRACTS (Continued)

Administrative Contract is a state wide contract funded through the Louisiana Department of Health and Hospitals, State Planning Council on Developmental Disabilities with Act 378 Community Service Funds. Its funding period runs from July 1 to June 30 and is used primarily for the Federation's administrative, operating and education functions. Total revenue for the year ended June 30, 2002 was \$101,380.

Research and Program Development Contract is a state wide contract funded by the Louisiana Department of Health and Hospitals, Office of Mental Health Head Quarters. Its funding period runs from July 1 to June 30 and is used primarily for the development of state wide family mentoring model. Total revenue for the year ended June 30, 2002 was \$51,790.

Region 8 - Family Support is a state contract for Region 8 funded through the Louisiana Department of Health and Hospitals - Office of Mental Health. Its funding period runs from July 1 to June 30 and is used for family support. Total revenues for the year ended June 30, 2002 was \$73,080.

NOTE D - ACCOUNTS RECEIVABLE

The detail of accounts receivable is as follows:

Department of Health and Hospitals, Office of Mental Health:

Administration	\$ 2,080
Capital Area	2,130
OMH-HQ	2,430
Region 3	250
Region 5	6,912
Region 6	14,385
Region 7	6,878
Region 8	5,987
Region 9	1,264
	<u>\$ 44,255</u>

Accounts receivable at June 30, 2002 are estimated to be fully collectible.

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE E - LEASE OBLIGATIONS

The Louisiana Federation of Families for Children's Mental Health, Inc. occupies and operates its main office in Shreveport, Louisiana. On November 19, 1998, Louisiana Federation of Families for Children's Mental Health, Inc. entered into a 36 month lease agreement effective December 1, 1998 which requires monthly payments of \$475 to be increased each year by \$30 per month. In June 2001, the Federation entered into a one year lease for office space for the Baton Rouge Region for \$400 per month renewable annually. Rent expense included in the accompanying financial statements for lease expense was \$15,159 for the year ended June 30, 2002.

Estimated future minimum lease payments on the above leases are as follows:

	<u>Buildings</u>
2002	<u>\$ 12,325</u>

NOTE F - FIXED ASSETS

Depreciation expense for the year ended June 30, 2002 was \$19,000.

All assets acquired with Department of Health and Human Services funds are owned by Louisiana Federation of Families for Children's Mental Health while used in the program for which it was purchased. The Department of Health and Human Services, however, has a reversionary interest in these assets. Should these contracts not be renewed, title in any assets purchased with these funds will transfer to the appropriate agency.

NOTE G - CONCENTRATION

The organization receives almost all of its funding through Federal and State service contracts with durations of one year or less.

## SUPPLEMENTAL INFORMATION

ILLINOIS FEDERATION OF HOMELSS  
FOR CHILDREN/MENTAL HEALTH, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL GRANTS

June 30, 2021

	CYBA, R	Contract, P	Total	Expenditures	
U.S. Department of Health and Human Services--					
[State Grant for Community Mental Health Services - Inpatient Program]					
Capital Asset/Contract - pass through/Capital Asset Program					
Service Contracts - Mental Health Facilities	91,950	278,007	28,400 to 4/30/2021	4	28,400
Region 3 - Family Monitoring - pass through L.A. Dept. of Health and Hospitals - Office of Mental Health	91,910	16,718	21,400 to 4/30/2021		20,000
Region 6 - Respite Services - pass through L.A. Dept. of Health and Hospitals - Office of Mental Health	91,950	268,000	21,400 to 4/30/2021		65,600
Region 9 - Family Support - pass through L.A. Dept. of Health and Hospitals - Office of Mental Health	91,910	118,000	21,400 to 4/30/2021		20,000
Region 11 - Adm. - pass through L.A. Dept. of Health and Hospitals - Office of Mental Health	91,950	268,000	21,400 to 4/30/2021		5,700
Region 14 - Family Monitoring - pass through L.A. Dept. of Health and Hospitals - Office of Mental Health	91,910	16,700	21,400 to 4/30/2021		27,700
					<u>200,000</u>
Community Based Mental Health Services (CBMS) Grant - U.S. Dept. of Health and Human Services - Substance Abuse and Mental Health Services Administration					
Consolidated Knowledge Development and Application Program	91,200	0.6 (200,000,000)	91,400 to 6/30/2021		91,400
		0.6 (200,000,000)	91,400 to 6/30/2021		<u>20,700</u>
					<u>112,100</u>
Total United States Department of Health and Human Services				1	<u>392,100</u>

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2003

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the Federation's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The expenditures represent the cash outlay for each program, including capital expenditures which are included in fixed assets on the accompanying financial statements.

# Smith, Hurst & Associates, L.L.C.

an LIMITED LIABILITY COMPANY

Certified Public Accountant

P.O. Box 1780

Corvallis, Louisiana 70041-1780

James E. Smith, CPA

Partner - Owner/Manager, CMA

(800) 892-5671 - Corvallis

(800) 892-4449 - FAX

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Board of Directors

Louisiana Federation of Families for Children's Mental Health, Inc.

Shreveport, Louisiana

We have audited the financial statements of Louisiana Federation of Families for Children's Mental Health, Inc. as of and for the year ended June 30, 2002, and have issued our report thereon dated December 9, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Louisiana Federation of Families for Children's Mental Health, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2002-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Louisiana Federation of Families for Children's Mental Health, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Due to the limited number of employees involved in the management of the organization, there is inadequate segregation of duties. It does not appear that it would be cost efficient to correct this condition.

Board of Directors

Louisiana Federation of Families for Children's Mental Health, Inc.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

December 9, 2002

*Smith, Hume & Associates, L.L.C.*



# Smith, Hurst & Associates, L.L.C.

AN LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1778

Covington, Louisiana 70434-1780

James R. Smith, CPA

Patrick West, Fiscal CPA

PH: 504-881-1000

FAX: 504-881-1000

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Board of Directors

Louisiana Federation of Families for Children's Mental Health, Inc.

Shreveport, Louisiana

### Compliance

We have audited the compliance of Louisiana Federation of Families for Children's Mental Health, Inc. (a Louisiana corporation, not for profit) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2002. Louisiana Federation of Families for Children's Mental Health, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Louisiana Federation of Families for Children's Mental Health, Inc.'s management. Our responsibility is to express an opinion on Louisiana Federation of Families for Children's Mental Health, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana Federation of Families for Children's Mental Health, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Louisiana Federation of Families for Children's Mental Health, Inc.'s compliance with those requirements.

In our opinion, Louisiana Federation of Families for Children's Mental Health, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2002-1.

### Internal Control Over Compliance

The management of Louisiana Federation of Families for Children's Mental Health, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Louisiana Federation of Families for Children's Mental Health, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Smith, Hunsb & Associates, L.L.C.*

December 9, 2002

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2002

Section I

Financial Statements

1. Type of auditor's report	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified	None
b. Reportable conditions identified not considered to be material weaknesses	Yes
c. Noncompliance material to the financial statements noted	Yes

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified	None
b. Reportable conditions identified not considered to be material weaknesses	None
2. Type of auditor's report issued on compliance for major program	Unqualified
3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a	Yes
4. Identification of major program 93.958	Block Grant for Community Mental Health Services
5. Dollar threshold used to distinguish between Type A and B programs	\$300,000
6. Auditor qualified as a low - risk auditor under OMB A-133 Section 510	No

LOUISIANA FEDERATION OF FAMILIES FOR CHILDREN'S MENTAL HEALTH, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 18, 2002

Section 2

2002-1      *An employee of the Federation submitted time sheets which included duplicate days on two different programs during the months of September 2000 through February 2002. The condition resulted in a questioned costs of \$1,764.*

Management

Response:      The Federation will institute policies to ensure that such an error is not repeated. The Federation will also take steps to see that questioned costs is reimbursed to the proper agency.